

EXHIBIT 12



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Mr. Andrew Wright
Attorney at Law
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August 14, 2008

RE: Remund v. State Farm Insurance

Dear Andrew:

At your request, I visited with you on Monday January 21, 2008, the Remund Residence located at 1365 East Harvard Avenue, Salt Lake City, Utah to observe the structural condition of the "summer home" located in the extreme rear of the building lot over a stream (Red Butte Creek). Mr. Remund and his attorney were also present during the site visit.

It was a cold snowy day, but the severe weather did not prevent us from getting down to and below the structure to observe its lower floor framing and footing/foundation support system.

It was obvious that rapidly flowing water down the stream bed had previously eroded and undermined the stream channel rock side walls and some of the building support column footings. I have also reviewed earlier photographs you furnished to me where some of the building support columns had the support soils below washed out such that the columns were leaning over at very severe angles from vertical.

At the time of our visit, all of the leaning support columns had been straightened up and additional new support columns along with new steel support beams have been added below the summer home by the owner.

I have reviewed the historic stream flow data you sent to me. It is obvious from the data that the maximum stream flow down Red Butte Creek varies greatly from year to year. Recently, the maximum daily mean discharge has varied from 6 in cubic feet per second in year 2000 to 2 cubic feet per second in year 2003 to 45 in cubic feet per second in year 2006. A partial summary of the maximum daily mean discharge in cubic feet per second follows:



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From the data it can seen that the greatest maximum daily mean discharge in the past 32 years occurred in 1983 with a flow rate of 95 cubic feet per second and the least maximum daily discharge occurred in 2003 with a flow rate of 2 cubic feet per second. The more pertinent data with regards to the Remund claim show the maximum daily discharge during 2005 to be 22 cubic feet per second, 2006 to be 45 cubic feet per second, and 2007 to be 3 cubic feet per second.

We can draw several conclusions from this stream flow data:

1. When the main damage occurred to the Remund Residence in year 2005, the maximum daily discharge stream flow was 22 cubic feet per second.
2. In years 1975, 1983, 1993, 1998, and 2006 the maximum daily stream flow was 55, 95, 43, 34, and 45 cubic feet per second respectively. In those years, the maximum daily discharge stream flow greatly exceeded the year 2005 when the Remund residence suffered severe damage from the Red Butte Creek water flow.
3. The Red Butte Creek maximum daily discharge in 1983 (95 cubic feet per second) was more than 4 times greater than the year 2005 (22 cubic feet per second) maximum daily discharge.
4. Flooding, if defined by water overflowing the stream banks, was obviously not the problem in the year 2005 that caused the damage since the maximum water flow was less than $\frac{1}{4}$ of that in 1983 and $\frac{1}{2}$ of that in 2006 when the water apparently did not overflow the stream banks according to the deposition of Mr. Remund. The damage to the "cabin by the creek" structure footings and foundations was caused by erosion from the rapid stream flow during peak run-off periods.
5. The photographs taken by Mr. Remund clearly show the supporting soils below the building support columns and footings nearest the stream channel had been washed out by the rapidly flowing stream and consequently the building supporting columns and footings settled or dropped in elevation by amounts from several inches up to 1 foot.

In my opinion, the damage to the Remund "cabin by the creek structure" footings and foundations was clearly caused by erosion of the supporting soils below the building structure footings and foundations.

If you need additional information from me regarding this issue, please get in touch.

Sincerely,

A handwritten signature in black ink that reads "Ronald J. Reaveley". The signature is cursive and fluid.

Ronald J. Reaveley S.E.,
President Emeritus